

NEWS RELEASE



OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA

San Diego, California

***United States Attorney
Carol C. Lam***

For Further Information, Contact: Assistant U.S. Attorney William P. Cole (619)557-7859

For Immediate Release

NEWS RELEASE SUMMARY - October 18, 2005

United States Attorney Carol C. Lam announced today that George Charles BUDENZ II pled guilty today in federal court in San Diego before United States Magistrate Judge William McCurine, Jr., to three felony counts of exporting defense articles without a license, in violation of the Arms Export Control Act, 22, United States Code, Section 2778.

As part of the guilty plea, BUDENZ admitted that in December 2004, he intentionally exported from the United States to Malaysia an amplifier used on the General Electric J85 turbine jet engine, which powers the F-5 “Tiger” military fighter and other military aircraft. BUDENZ also admitted that in January 2005, he exported to Belgium an afterburner actuator for the J85 jet engine, and that he also exported to Malaysia nine nozzles for the Honeywell T55 engine, which powers the “Chinook” military helicopter.

The J85 amplifier, the J85 afterburner actuator, and the T55 nozzles are all designated on the United States Munitions List. The United States Munitions List is a list of defense articles and defense services that are subject to export controls by the U.S. Department of State. As part of his guilty plea, BUDENZ admitted

that he exported the amplifier, the afterburner actuator, and the nozzles without the approval of the U.S. Department of State, even though he knew that State Department approval was required. BUDENZ also admitted that he exported these military aircraft components at the direction of Arif Ali Durrani, even though BUDENZ knew that Durrani had been previously convicted of violating the Arms Export Control Act and that Durrani was ineligible to obtain Department of State licenses for the export of defense articles.

According to Assistant United States Attorney William P. Cole, who is prosecuting both Durrani and BUDENZ, Durrani is currently in federal custody in San Diego awaiting trial on an Indictment handed up in September 2005 (Criminal Case No. 05-CR-1746-LAB). That Indictment charges Durrani with conspiracy and multiple violations of the Arms Export Control Act, including violations relating to the exports of the J85 amplifier, the J85 afterburner actuator, and the T55 nozzles. Assistant U.S. Attorney Cole stated that BUDENZ is the second person to plead guilty recently in connection with illegally exporting military fighter components for Durrani. Specifically, in August 2005, Richard Tobey of Temecula, California, pled guilty in San Diego federal court to conspiracy to violate the Arms Export Control Act (Criminal Case No. 05-CR-1462-LAB). As part of his plea, Tobey admitted that, as instructed by Durrani, he exported a canopy panel for the T-38 military aircraft to the United Arab Emirates without State Department approval.

BUDENZ is scheduled to appear for final acceptance of the plea and sentencing before United States District Judge Larry A. Burns on January 9, 2006, at 9:30 a.m. Durrani is scheduled for a motion hearing and trial setting before Judge Burns on November 28, 2005, at 2:00 p.m.

DEFENDANTS

Criminal Case No. 05 CR 1863-LAB

George Charles Budenz II

SUMMARY OF CHARGES

Three Counts of Title 22, United States Code, Section 2778 - Exporting Defense Articles Without a License
Maximum penalties (per count): 10 years in prison and a \$1,000,000 fine.

PARTICIPATING AGENCIES

Immigration and Customs Enforcement, Department of Homeland Security
Defense Criminal Investigative Service